

**Title 20—DEPARTMENT OF INSURANCE  
Division 100—Insurer Conduct  
Chapter 7—Market Conduct Analysis**

**PROPOSED RULE**

**20 CSR 100-7.005 Uniform Analysis and Continuum of Actions**

*PURPOSE: This rule implements the purposes of section 374.185, RSMo and establishes uniform standards for the division of insurance market regulation utilizing market analysis to evaluate the market conduct of insurers and to develop cause for issuance of an examination warrant pursuant to section 374.202 to 374.207, RSMo.*

(1) The director is responsible for market regulation of insurers for Missouri policyholder protection and shall utilize market conduct action, including market analysis, investigations, desk examinations, targeted examinations and comprehensive examinations of insurers. Such actions shall be pursued by the division in a manner consistent with the purposes of section 374.185, RSMo. In furtherance of such purposes and to provide uniform standards designed to avoid arbitrary or capricious use of discretion in issuing warrants for market conduct examinations, the division shall apply the following standards in utilizing market analysis:

(A) The division shall gather information from data currently available to the division, as well as surveys and required reporting requirements, information collected by the NAIC and a variety of other sources in both the public and private sectors, and information from within and outside the insurance industry from objective sources, information from web sites for insurers, agents, and other organizations and information from other credible sources;

(B) Such information shall be analyzed in order to develop a baseline understanding of the marketplace and to identify for further review insurers or practices that deviate significantly from the norm or that may pose a potential risk to the insurance consumer;

(C) The NAIC Market Regulation Handbook, and other handbooks adopted by the NAIC, shall be used by the division as a guide in performing this analysis;

(D) The division shall identify key lines of business for systematic review; and

(E) The division shall identify companies for further analysis based on available information.

(2) If the analysis supports further investigation or review by the division into a particular insurer or practice, the following continuum of market conduct actions may be considered prior to requesting a warrant for an examination. These actions may include, but are not limited to:

(A) Correspondence with insurer;

(B) Insurer interviews;

(C) Information gathering;

(D) Policy and procedure reviews;

(E) Interrogatories; and

(F) Review of insurer self-evaluation, if not subject to a privilege of confidentiality, and compliance programs, including membership in a best-practice organization.

(3) The division shall take those steps reasonably necessary to eliminate requests for information that duplicate information provided as part of an insurer's annual financial statement, the annual NAIC market conduct statement, or other required schedules, surveys, or reports regularly submitted to the director, unless the information is state specific.

*AUTHORITY: sections 374.045, RSMo (2000), 374.190, RSMo (2000) and 374.205, RSMo (2000) 374.185 RSMo(Supp. 2007).*

*PUBLIC COST: This proposed rule will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.*

*NOTICE OF PUBLIC HEARING AND NOTICE TO SUBMIT COMMENTS: A public hearing will be held on this proposed rule at 9 a.m. on June 12, 2008. The public hearing will be held at the Harry S Truman State Office Building, Room 530, 301 West High Street, Jefferson City, Missouri. Opportunities to be heard at the hearing shall be afforded to any interested person. Interested persons, whether or not heard, may submit a written statement in support of or in opposition to the proposed rule, until 5:00 p.m. on June 12, 2008. Written statements shall be sent to Tamara W. Kopp, Department of Insurance, Financial Institutions and Professional Registration, PO Box 690, Jefferson City, MO 65102.*

*SPECIAL NEEDS: If you have any special needs addressed by the Americans With Disabilities Act, please notify us at (573) 751-6798 or (573) 751-2619 at least five (5) working days prior to the hearing.*